90-07096/

THE CANADIAN WHEAT BOARD

Report to Producers
on the
1988-89 Crop Year

On peut se procurer, sur demande, le texte français du rapport annuel dans sa version complète auprès du Service de l'information de la Commission canadienne du Blé.

INTRODUCTION

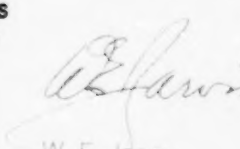
The 1988-89 crop year will be remembered by many farmers as the year of the drought. Hot, dry conditions in Canada and the spring growing area of the United States sharply cut yield prospects. Preoccupation with high world stock levels quickly switched to concerns over availability of supplies as stocks-to-use ratios fell to the lowest level since the early seventies.

The drop in available grain supplies had a very pronounced effect on price. Grain prices rose sharply in the summer of 1988. However, continued use of export subsidies by the European Community and the United States held actual trading values lower than would normally have been the case. Prices began to slide later in the crop year on expectations for increased plantings in major exporting countries.

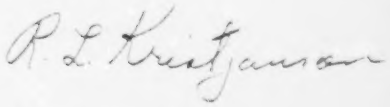
The Wheat Board was able to sell a substantial portion of 1988 wheat and barley supplies at the higher prices. This is reflected in the higher total realized return per tonne you received in 1988-89 compared to 1987-88.

Although the total realized return per tonne was up from the year before, we realize many of you faced a sharp reduction in supplies. The Wheat Board was able to maximize delivery opportunities for farmers as carryovers were very low at the end of the crop year. We will continue to aggressively market your grain in 1989-90 to keep your market share in world trade as high as possible and to maximize returns to the best extent possible.

We invite you to read this report for a further look at the 1988-89 crop year. The financial statements are the same as those in the full annual report. If you would like to receive a copy of the more detailed report, please write to the Information Department at the address below.

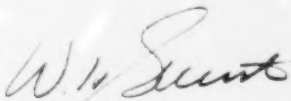


W. E. Jarvis
Chief Commissioner

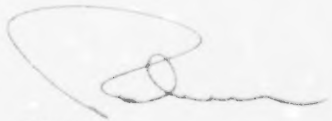


R. L. Kristjanson
Assistant Chief Commissioner

F. M. Hetland
Commissioner



W. H. Smith
Commissioner



R. H. Klassen
Commissioner

The Canadian Wheat Board, P.O. Box 816, Winnipeg, Manitoba, R3C 2P5

THE 1988 WORLD CROP

Total world production of wheat, rice, and coarse grains declined sharply in 1988. As shown in Table 1, this was the second year in a row that world production had decreased. Coarse grains accounted for most of the drop.

Wheat

The International Wheat Council estimated world wheat production at about eight million tonnes less than 1987. A sharp downturn in North American wheat production was partially offset by increases in production in Eastern and Western Europe. The IWC estimated production in all other areas at about the same level as 1987.

Hot, dry weather in the spring grain growing areas of North America sharply reduced spring wheat and durum production. The large soft red winter wheat crop helped cushion the effect on total U.S. wheat supplies. However, U.S. wheat production still fell below 50 million tonnes for the first time since 1978. Canadian wheat production dipped to about half the size of the crop grown in 1986.

Wheat production in most other areas of the world were near normal. Production increased by about five million tonnes in Western Europe, mainly as a result of good spring sub-soil moisture conditions and improved harvesting conditions compared to 1987. Larger crops in Romania and Hungary pushed Eastern European wheat production up about 3.5 million tonnes over last year.

TABLE 1
WORLD GRAIN PRODUCTION

	Wheat [2]	Rice [3]	Coarse Grains [2]	All Grains
	(Millions of Tonnes)			
1979	428.8	385.1	744.2	1 558.1
1980	445.3	376.5	732.7	1 554.5
1981	453.4	396.1	767.4	1 616.9
1982	482.1	412.7	781.6	1 676.4
1983	494.3	419.5	691.3	1 605.1
1984	516.7	452.7	821.1	1 790.5
1985	505.0	468.2	865.4	1 838.6
1986	537.8	468.2	845.0	1 851.0
1987	510.4	461.5	796.0	1 767.9
1988 [1]	502.3	485.4	728.5	1 716.2

[1] Preliminary – Subject to Revision
[2] Source: IWC World Wheat Statistics to 1986. For 1987 and 1988, November 1989 Market Report
[3] Source: USDA Foreign Agriculture Service "World Grain Situation and Outlook"

Durum

World durum production fell from about 28.6 million tonnes in 1987 to 24.9 million tonnes in 1988. Drought reduced the harvest in Canada, the United States, Tunisia, and Algeria. Western European production was also down in France and Italy. However, these reductions were offset slightly by improved crop supplies in Greece, Morocco, and Turkey.

Coarse Grains

World coarse grains production (corn, barley, oats, sorghum, rye, millet, triticale, and mixed grains) dropped significantly for the

second year in a row. The IWC placed 1988 production at 728.5 million tonnes compared to 796 million tonnes in 1987 and 845 million tonnes in 1986.

The United States accounted for most of the decline with production falling from 215.9 million tonnes in 1987 to 149.6 million tonnes in 1988. A severe drought in the U.S. corn and barley areas plus the 20 per cent acreage set aside had a big effect on supplies.

The IWC pegged world barley production at 167.8 million tonnes, down sharply from 183 million tonnes in 1987. Soviet production accounted for most of the decline with output falling about 14 million to an estimated 44.5 million tonnes. In Canada, drought reduced production by about four million tonnes for a total of 10.2 million tonnes. U.S. barley dropped from 11.5 million tonnes in 1987 to 6.3 million tonnes. The Australian barley crop, at 3.3 million tonnes, was about the same as the year before.

WORLD TRADE

World wheat imports slipped to 97.2 million tonnes in 1988-89, down about nine million tonnes from 1987-88. This was largely due to reduced imports by the Soviet Union. A sharp drop in exportable supplies from Canada and the United States may also have had some effect on the decline in world trade.

With large inventories from previous years and a slightly larger 1988 crop, the European Community was able to expand its market share. EC wheat exports climbed to a record 19.4 million tonnes, making it the second largest wheat exporter.

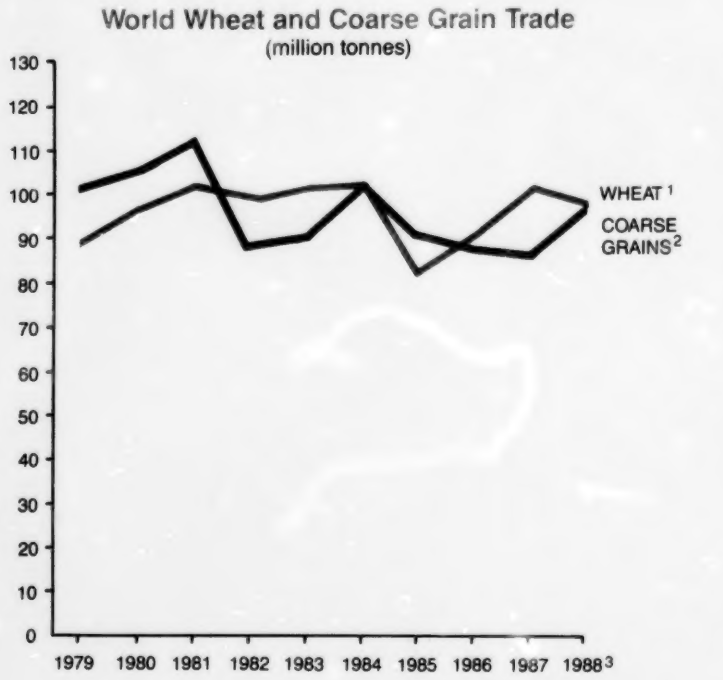
In spite of tight supplies, the United States continued to provide wheat under its export subsidy program. U.S. wheat stocks were drawn down to the lowest level since the early seventies. U.S. wheat exports ended the crop year at an estimated 39.2 million tonnes, which was about five million tonnes less than 1988.

World trade in durum fell slightly from a record 5.4 million tonnes in 1987-88 to 4.9 million tonnes in 1988-89. This was mainly due to reduced purchases by the Soviet Union and Algeria.

TABLE 2
MAJOR GRAIN EXPORTERS
IN 1988-89 [1]

	Wheat and Wheat Flour	Bulk Coarse Grains [4]
	(Millions of Tonnes)	
Argentina	3.2	4.7
Australia	10.9	2.1
Canada	12.4	3.5
EEC [2&3]	19.4	11.1
United States	39.2	62.7
Others	12.1	13.7
Grand Total	97.2	97.8

[1] Preliminary – Subject to Revision
[2] Twelve Member States
[3] Excluding EEC Intra-Trade
[4] Includes Rye, Barley, Corn, Sorghum and Mixed Grains
Source: IWC Market Report, November 1989



1 Includes Durum Wheat and Wheat Flour

2 Includes Corn, Barley, Sorghum, Rye, Oats and Millet

3 Preliminary — subject to revision

Source:
International Wheat Council and
United States Department of Agriculture

World trade in coarse grains rose sharply in 1988-89 as a result of strong Soviet demand. Much of this demand was filled by U.S. corn as barley was in very tight supply. Coarse grain trade totaled 97.8 million tonnes, which consisted of 68.1 million tonnes of corn, 16.3 million tonnes of barley, 10.8 million tonnes of sorghum, and 1.4 million tonnes of oats.

World barley trade fell one million tonnes from 17.3 million tonnes in 1987-88. Saudi Arabia continued to reduce its barley imports through efforts to boost domestic production. The EC was able to become the largest export supplier of barley because of good supplies combined with tight exportable supplies from Canada and the United States.

Canada was the largest exporter of oats accounting for about 703 000 tonnes of a 1.4 million tonne world total. About 667 000 tonnes of Canada's oats exports were to the United States, which continued to face extreme domestic shortages.

PRICES

Wheat prices began a strong rally in the spring of 1988 because of the increasing severity of the drought on the Canadian Prairies, U.S. wheat areas and the corn belt.

U.S. f.o.b. prices for hard red winter wheats, for example, rose to U.S.$160.02 f.o.b. per tonne in late June. Pressure of new crop deliveries softened prices to an average of around U.S.$145 f.o.b. per tonne in August. However, prices rose back up again in September

to U.S.$160.66 per tonne because of good demand and recognition of a very tight North American supply situation.

There was little change to wheat prices through the winter months. U.S. prices strengthened in early May with the announcement of a new subsidized wheat allocation to the Soviet Union and because of a severe drought in the U.S. hard red winter wheat area. However, prices began to decline again at the end of May and into June on more limited export demand, rain in the U.S. hard red winter wheat area, and the potential for a good U.S. corn crop. Again using U.S. hard red winter wheat prices as an example, prices fell from a May average of U.S.$180.98 per tonne to a September average of U.S.$166.80 per tonne.

Continued use of export subsidies by the United States and the EC kept actual prices considerably below those U.S. f.o.b. prices previously mentioned. Bonuses for hard red winter wheat under the U.S. EEP program reached a high of U.S.$36.79 per tonne. EEP offers for Dark Northern Spring wheats were much more restrictive because of the tight North American supply for spring wheats. U.S. government bonuses for spring wheat reached a high of U.S.$24.97 per tonne.

Barley prices also strengthened in the early part of the 1988-89 crop year. Reduced supplies in Canada and the United States boosted U.K. feed barley prices from an average of U.S.$101.18 per tonne in June 1988 to about U.S.$136.31 per tonne by April 1989. Barley prices started to slide in the latter part of the crop year on prospects of a larger 1989 North American crop and sluggish demand. By September 1989, U.K. barley prices were averaging U.S.$123.56 per tonne.

TABLE 3

1988 [1] WESTERN CANADIAN YIELDS AND PRODUCTION

	ALBERTA				SASKATCHEWAN			
	Yield		Production		Yield		Production	
	1988	10-year Average 1978-87	1988	10-year Average 1978-87	1988	10-year Average 1978-87	1988	10-year Average 1978-87
	(Bus. per Acre)		(Mln. Tonnes)		(Bus. per Acre)		(Mln. Tonnes)	
Wheat	27.7	30.3	5.3	5.5	13.1	26.2	6.9	13.8
Barley	73.8	48.3	5.8	5.7	31.5	43.0	2.1	3.1
Oats	56.8	60.4	1.7	1.2	38.8	49.3	.5	.7
Rye	17.5	31.2	.1	.2	12.1	24.4	.1	.3
Flaxseed	22.5	19.0	–	.1	12.0	17.1	.1	.2
Canola	24.0	21.6	1.9	1.3	19.5	22.8	1.7	1.2
Total Production	–	–	14.8	14.0	–	–	11.4	19.3

	MANITOBA				TOTAL WESTERN CANADA [2]			
	Yield		Production		Yield		Production	
	1988	10-year Average 1978-87	1988	10-year Average 1978-87	1988	10-year Average 1978-87	1988	10-year Average 1978-87
	(Bus. per Acre)		(Mln. Tonnes)		(Bus. per Acre)		(Mln. Tonnes)	
Wheat	18.3	30.3	2.4	3.5	17.3	26.6	14.7	22.9
Barley	35.7	48.6	1.1	1.9	45.2	46.0	9.1	10.9
Oats	36.3	54.1	.2	.5	57.9	55.0	2.4	2.4
Rye	19.2	30.7	.1	.1	15.4	27.0	.2	.6
Flaxseed	11.7	16.9	.2	.4	11.9	16.4	.4	.7
Canola	17.4	22.1	.6	.5	20.9	21.5	4.3	3.0
Total Production	–	–	4.6	6.9	–	–	31.1	40.5

[1] Preliminary – Subject to Revision
[2] Includes British Columbia
Source: Statistics Canada

THE 1988 WESTERN CANADIAN CROP

Western Canada production of the six major grains in 1988 was estimated at 31 million tonnes. This was the smallest crop since 1979, and well below the recent normal of about 44 million tonnes.

The growing season began under very dry conditions which had persisted since the previous fall. Precipitation in most regions of the grain growing area fell below 75 per cent of normal for the period from September 1987 to July 31, 1988 (see Map 1).

Dry soils, combined with the heat wave in June, stunted the growth of many crops, especially those sown early. Later sown crops generally fared better. On average, June 1988 was the hottest June this century and hotter than any July since 1947 (see Map 2).

The drought hurried crop development. Harvesting in Saskatchewan and Manitoba was already well advanced when rains at the end of August slowed progress. Overall, wheat quality was exceptional in Manitoba, somewhat above average in Saskatchewan, and a little below average in Alberta.

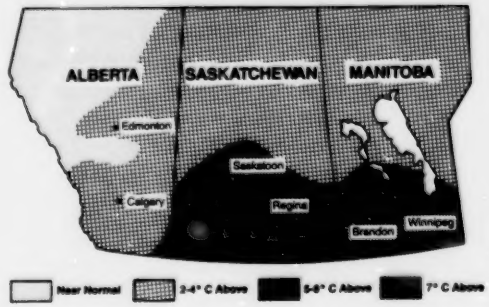
Table 3 shows yields by province compared to the previous 10-year average. Wheat yields in Manitoba and Saskatchewan were the lowest since 1961.

MAP 1

PRECIPITATION DEPARTURE FROM NORMAL — SEPTEMBER 1987 TO JULY 1988

MAP 2

MONTHLY DEVIATION FROM NORMAL TEMPERATURE
(Deg. C June 1988)



SALES OF CANADIAN GRAIN

Wheat and wheat products

Drought sharply reduced the amount of wheat available for export in the 1988-89 crop year. Canadian exports fell from a record 23.5 million tonnes in 1987-88 to 12.4 million tonnes. Farmers and the Wheat Board responded to customer needs to the best extent possible by drawing commercial stocks down to the lowest level in more than 25 years.

Table 4 provides a list of the largest customers and compares exports to the two previous years. The Wheat Board met market demand from as many customers as possible. In total, 56 countries received bulk grain shipments of Canadian wheat.

Durum wheat

In spite of a much smaller crop, durum exports only dropped 751 000 tonnes from the record 2.8 million tonnes shipped in the 1987-88 crop year. This was accomplished by reducing commercial carryover stocks from 1.1 million tonnes on July 31, 1988, to 710 000 tonnes on July 31, 1989. The Soviet Union was once again Canada's largest durum customer.

Barley and barley products

Canadian exports of barley and barley products were also cut sharply in 1988-89 because of the drought. As shown in Table 6, a total of 2.9 million tonnes were exported compared to 4.6 million tonnes in 1987-88. Saudi Arabia continued to reduce its total barley import requirements through improved domestic production. Japan also reduced overall imports from all suppliers.

TABLE 4
CANADIAN WHEAT (INCLUDING DURUM)
AND WHEAT FLOUR EXPORTS
TO MAJOR MARKETS

	1988-89 [1]	1987-88	1986-87
	(Thousands of Tonnes)		
China	2 830	7 664	4 194
U.S.S.R.	2 666	4 500	5 391
Japan	1 355	1 484	1 349
Iraq	783	884	691
Cuba	605	953	1 250
Italy	410	439	634
United Kingdom	410	413	503
Algeria	337	764	448
Venezuela	323	532	150
United States	278	397	420
South Korea	38	617	1 173
Iran	26	1 113	128
Brazil	14	448	780
Others [2]	2 338	3 306	3 672
Total	12 413	23 514	20 783

[1] Preliminary – Subject to Revision
[2] Includes Bagged Seed Exports
Source: Canadian Grain Commission for 1988-89
Previous Years – Statistics Canada

TABLE 5
CANADIAN DURUM EXPORTS
TO MAJOR MARKETS

	1988-89 [1]	1987-88	1986-87
	(Thousands of Tonnes)		
U.S.S.R.	715	992	498
Algeria	326	611	423
Italy	214	231	480
United States	186	203	61
Japan	118	94	79
Venezuela	116	175	38
Libya	78	96	135
Belgium/Luxembourg	52	78	14
Cuba	47	64	58
German Dem. Rep.	10	53	47
Others	141	157	124
Total	2 003	2 754	1 957

[1] Preliminary – Subject to Revision
Source: Canadian Grain Commission for 1988-89
Previous Years – Statistics Canada

TABLE 6
CANADIAN BARLEY EXPORTS
TO MAJOR MARKETS

	1988-89 [1]	1987-88	1986-87
	(Thousands of Tonnes)		
Saudi Arabia	1 091	1 678	1 941
Japan	698	900	731
U.S.A.	213	278	118
German Dem. Rep.	176	260	467
China	123	278	285
Iraq	115	111	–
Iran	63	123	–
Israel	53	65	198
U.S.S.R.	–	208	2 149
Colombia	40	80	90
Others	45	393	554
Bulk Grain Total	2 617	4 374	6 533
Malt	261	220	185
Grand Total	2 878	4 594	6 718

[1] Preliminary – Subject to Revision
Source: Canadian Grain Commission for 1988-89
Previous Years – Statistics Canada

Malting barley accounted for about 12 per cent or 349 000 tonnes of Canadian barley and barley product exports. Quantities and destinations for malting barley were 150 000 tonnes to the United States, 39 800 tonnes to Colombia, 8 300 tonnes to Ecuador, 22 400 tonnes to Mexico, 5 500 tonnes to Peru, and 123 300 tonnes to China.

Oats

Canada was the largest oats exporter in 1988-89 accounting for 703 000 tonnes or 50 per cent of world trade. Most of the oats was exported to the United States, which again faced difficulties in meeting its domestic market requirements. Other markets for Canadian oats included 27 400 tonnes to the Soviet Union and 7 700 tonnes to Japan.

TRANSPORTATION AND HANDLING

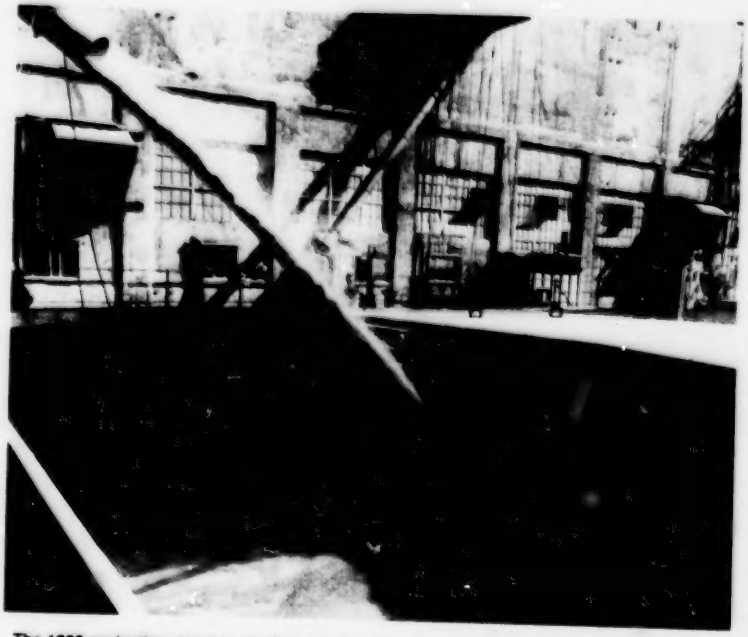
Western Canadian exports of the six major grains and their products fell to only 17.4 million tonnes during the 1988-89 crop year. The sharp drop in exportable supplies because of the drought reduced movement through the transportation and handling system to far below capacity.

Exports would have been even lower had farm and commercial carryover not been reduced to the lowest level in recent memory. At 9.7 million tonnes, carryover of the six major grains was almost half of the average since 1980. Carryover at July 31, 1988, had been about 12.9 million tonnes.

Grain movement during the first half of the 1988-89 crop year was fairly brisk considering the reduced supplies. Operations ran smoothly and there were no major disruptions. By March 1989, more than 70 per cent of the total estimated supplies for export had been moved.

Great Lakes navigation closed late in the 1988-89 crop year because of favorable weather conditions. The last laker left Thunder Bay on January 4, 1989. With a good level of stocks in St. Lawrence transfer elevators, there was no need for a winter rail program from Thunder Bay. Great Lakes shipping resumed in late March.

The Wheat Board again used rail movement from Georgian Bay during the winter months to move grain to Quebec City and the Atlantic ports of Halifax and West Saint John. In total, 202 730 tonnes were moved in this manner.



The 1989 navigation season got off to a rather quiet start. The first two vessels of the shipping season left Thunder Bay on March 31.

Exports from port areas began to taper off for the remaining months of the crop year. A drop in farm deliveries resulted in an increase in country elevator space.

A surge of barley deliveries towards the end of the crop year resulted in congestion in some elevators. However, the Wheat Board

TABLE 7
DELIVERIES, SHIPMENTS AND EXPORTS
OF WESTERN CANADIAN GRAIN

	Producer Deliveries		Elevator Shipments		Exports [1]	
	1988-89 [1]	1987-88	1988-89 [1]	1987-88	1988-89 [1]	1987-88
	(Thousands of Tonnes)					
Wheat	12 847	19 515	12 515	20 578	9 592	20 562
Durum	1 846	3 240	1 858	3 593	2 003	2 754
Oats	1 083	599	1 035	523	703	286
Barley	5 616	5 746	5 296	5 674	2 617	4 594
Rye	188	257	179	239	113	178 [3]
Flaxseed	305	601	343	554	421	603 [3]
Canola	3 485	3 328	2 524	2 273	1 949	2 625
Total	25 370	33 286	23 750	33 434	17 398	31 602

[1] Preliminary – Subject to Revision
[2] Includes Products
[3] Includes Exports from Unlicensed Facilities
Source: Statistics Canada and Canadian Grain Commission

was able to get additional barley sales in place. Ample transportation capabilities enabled space conditions in problem areas to improve very quickly. The crop year ended quietly with more than 47 per cent space in the country elevator system.

TABLE 8
SUPPLY AND DISPOSITION OF
CANADIAN WHEAT, OATS AND BARLEY

	WHEAT (Including Durum)		BARLEY		OATS	
	1988-89 [1]	1987-88	1988-89 [1]	1987-88	1988-89 [1]	1987-88
	(Thousands of Tonnes)					
Inward Carryover August 1/88						
On Farms	2 535	5 007	2 507	1 570	690	870
In Commercial Facilities	4 770	7 724	1 200	1 602	207	144
Production	15 996	25 950	10 212	13 957	2 993	2 995
Total Supply	23 301	38 681	13 919	17 129	3 890	4 009
On Farm Use	3 046	4 847	6 028	7 233	2 186	2 581
Commercial Use	2 766	3 014	2 249	1 595	294	244
Exports	12 424	23 515	2 876	4 594	733	287
Total Use	18 236	31 376	11 153	13 422	3 213	3 112
Outward Carryover July 31/89	5 065	7 305	2 766	3 707	677	897

[1] Subject to Revision
Source: Statistics Canada and Canadian Grain Commission

FINANCIAL RESULTS

Details of the final operating results of the Board on the 1988-89 Pool Accounts for wheat, amber durum wheat, designated oats, barley and designated barley are presented in this section of the report with commentary thereon.

POOL ACCOUNT – WHEAT

Initial Payments

At the beginning of the crop year the Board was authorized to purchase wheat from producers at a fixed initial price of $150.00 per tonne for No. 1 Canada Western Red Spring. Effective November 17, 1988, the initial price for No. 1 Canada Western Red Spring was increased to $170.00 per tonne.

Supplies of Wheat

Supplies of wheat in the 1988-89 Pool were 14 353 863 tonnes, comprised of 14 218 367 tonnes delivered by producers and 135 496 tonnes acquired from other than producers.

Grade Pattern

Deliveries of grain to the 1988-89 Pool Account were of substantially better quality compared with receipts in the previous pool. Deliveries of Nos. 1 and 2 Canada Western Red Spring totaled 12.286 million tonnes or 86.41 per cent of total receipts, while No. 3 Canada Western Red Spring receipts of 1.375 million tonnes amounted to only 9.67 per cent of total receipts. Deliveries of utility grades including Canada Western Feed amounted to .557 million tonnes or 3.92 per cent of total producer deliveries. Deliveries of tough and damp grades were similar to the previous year with approximately .74 per cent of producer deliveries grading tough and .03 per cent grading damp.

Final Statement of Operations and Surplus for Distribution to Producers – Wheat – Table A

Marketing operations on the Pool Account for wheat resulted in an operating surplus of $469,403,586. After deducting the interim payment of $213,275,507 made to producers in November 1989, providing for producer car rebates of $119,016, allowing for the cost of issuing the interim and final payments and adding estimated interest earnings subsequent to September 30, 1989, the net surplus for distribution to producers amounted to $267,391,460. This net surplus represents an average of $18.806 on producer deliveries of 14 218 367 tonnes. Table B shows the total price realized by producers for No. 1 Canada Western Red Spring at $197.136 compared to $134.019 for the previous pool.

OPERATING COSTS

Operating costs incurred applicable to the pool were $57,315,587 or $4.031 per tonne. Details of the principal costs and comment thereon follows:

Carrying Charges – $57,744,407

Total carrying charges incurred by the Board, including storage and interest charges on wheat in country elevators and storage on

TABLE A

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION
TO PRODUCERS ON THE 1988-89 POOL ACCOUNT - WHEAT
For the period August 1, 1988, to September 30, 1989
with prior year figures for the 1987-88 Pool Account for comparison

	1988-89 Pool Account		1987-88 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	14 218 367 tonnes		15 476 040 tonnes	
Sales Value	$2,904,265,681	$204.262	$2,059,496,820	$133.076
Initial Payments to Producers	2,377,546,508	167.217	1,744,509,029	112.723
Gross Surplus	526,719,173	37.045	314,987,791	20.353
Deduct Operating Costs:				
Carrying Charges:				
Country Elevators	43,576,178	3.065	37,105,198	2.398
Terminal Storage	14,168,229	.996	16,037,805	1.036
Total Carrying Charges	57,744,407	4.061	53,143,003	3.434
Bank Interest and Net Interest on other Board Accounts	(33,651,756)	(2.367)	(17,785,610)	(1.149)
Demurrage/Despatch	(3,302,045)	(.232)	(265,409)	(.017)
Additional Freight - to terminals	9,266,321	.652	10,542,410	.681
- freight rate change	1,675,231	.118	(1,513,861)	(.098)
Handling and Stop-off	(19,809)	(.001)	1,080,148	.070
Drying	32,299	.002	52,664	.003
Interest and Depreciation on Wheat Board Hopper Cars	7,627,680	.536	4,737,960	.306
Wheat Board Administrative Expenses	17,943,259	1.262	20,007,806	1.293
Total Operating Costs	57,315,587	4.031	69,999,111	4.523
Surplus on Operations	469,403,586	33.014	244,988,680	15.830
Deduct: Interim Payment	213,275,507	15.000	–	–
	256,128,079	18.014	244,988,680	15.830
Add: Interest earned after September 30	11,714,518	.824	6,814,351	.440
Deduct: Cost of issuing Interim and Final Payments	332,121	.024	136,272	.008
Deduct: Rebate on Producer Cars	119,016	.008	–	–
Balance for Distribution to Producers	$ 267,391,460	$ 18.806	$ 251,666,759	$ 16.262

TABLE B

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF WHEAT
BASIS IN STORE THUNDER BAY OR VANCOUVER

Grade	Initial Payments	Interim Payment	Final Payments	Total
		(Dollars per Tonne)		
Red Spring Wheat Grades				
No. 1 Canada Western Red Spring	$170.00	$15.00	$12.136	$197.136
No. 1 Canada Western Red Spring 13.5	172.21	15.00	22.496	209.706
No. 1 Canada Western Red Spring 14.5	175.21	15.00	25.459	215.669
No. 2 Canada Western Red Spring	164.21	15.00	11.976	191.186
No. 2 Canada Western Red Spring 13.5	165.21	15.00	16.466	196.676
No. 3 Canada Western Red Spring	150.21	15.00	16.896	182.106
No. 1 Canada Western Utility	154.21	15.00	19.666	188.876
No. 2 Canada Western Utility	137.21	15.00	17.666	169.876
Canada Western Feed	130.00	15.00	16.056	161.056
No. 1 Canada Western Red Winter	149.21	15.00	19.896	184.106
No. 2 Canada Western Red Winter	147.21	15.00	19.896	182.106
No. 1 Canada Western Soft White Spring	150.00	15.00	25.671	190.671
No. 2 Canada Western Soft White Spring	147.00	15.00	27.671	189.671

wheat in terminal elevators, amounted to $57,744,407 or $4.061 per tonne.

Bank Interest and Net Interest on Other Board Accounts – ($33,651,756)

This amount consists mainly of bank interest and interest paid to, or received from, other Board accounts. Interest earned exceeded interest paid by $33,651,756 or $2.367 per tonne.

Additional Freight – to Terminals – $9,266,321
– Freight Rate Change – $1,675,231

During the crop year the Board paid $9,266,321 of additional freight arising out of the movement of grain in adverse direction.

With the abolition of the Crows Nest Pass Freight rate on December 31, 1983, freight rates are reviewed annually under the Western Grain Transportation Act. On August 1, 1989, freight rates increased by a net amount of approximately $.237 per tonne and the Board was required to pay the additional freight on the country stocks held by its agents on August 1, 1989, amounting to $1,675,231 in the Wheat Account.

Drying Charges – $32,299

Drying charges for 1988-89 totaled $32,299, a decrease from the previous year, reflecting the lower quantities of tough and damp grain delivered to the pool under review.

Interest and Depreciation on Wheat Board Hopper Cars – $7,627,680

Costs for the use of the Board's 2,000 hopper cars include depreciation and interest. Hopper car expenses attributable to the 1988-89 Wheat Account totaled $7,627,680 compared to $4,737,960 for the previous pool.

TABLE C

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION
TO PRODUCERS ON THE 1988-89 POOL ACCOUNT – AMBER DURUM WHEAT
For the period August 1, 1988, to September 30, 1989
with prior year figures for the 1987-88 Pool Account for comparison

	1988-89 Pool Account		1987-88 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	2 254 359 tonnes		2 708 407 tonnes	
Sales Value	$468,270,301	$207.718	$439,928,513	$162.431
Initial Payments to Producers	420,780,711	186.652	321,361,389	118.653
Gross Surplus	47,489,590	21.066	118,567,124	43.778
Deduct Operating Costs:				
Carrying Charges:				
Country Elevators	10,827,316	4.803	9,140,017	3.375
Terminal Storage	4,810,372	2.134	2,694,180	.995
Total Carrying Charges	15,637,688	6.937	11,834,197	4.370
Interest	1,018,487	.452	(1,452,155)	(.536)
Demurrage/Despatch	(499,446)	(.221)	(925,436)	(.342)
Additional Freight - to terminals	414,599	.184	493,233	.182
- freight rate change	444,893	.197	(116,671)	(.043)
Handling and Stop-off	950	–	2,262	.001
Drying	870	–	926	–
Interest and Depreciation on Wheat Board Hopper Cars	1,209,389	.537	829,173	.306
Wheat Board Administrative Expenses	2,844,951	1.262	3,501,495	1.293
Total Operating Costs	21,072,381	9.348	14,167,024	5.231
Surplus on Operations	26,417,209	11.718	104,400,100	38.547
Add: Interest earned after September 30	843,053	.374	2,903,885	1.072
Deduct: Cost of Issuing Final Payment	34,023	.015	32,024	.012
Deduct: Rebate on Producer Cars	12,197	.005	–	–
Balance for Distribution to Producers	$ 27,214,042	$ 12.072	$107,271,961	$ 39.607

Administrative and General Expenses – $17,943,259

This item represents the portion of the cost of operating the Board, including salaries, fringe benefits to employees and the cost of operating the Board's head office premises as well as other branches in Canada and overseas that was charged to the Wheat Account. Since the Pool Accounts run for periods which overlap crop years, some part of the operating costs for two consecutive crop years are allocated to the Pool Accounts based on length of time the Pool Accounts were open and tonnage handled. Charges allocated to the 1988 - 89 Wheat Account were $17,943,259 or $1.262 per tonne on producer receipts of 14 218 367 tonnes compared with $20,007,806 or $1.293 per tonne on producer receipts of 15 476 040 tonnes for the previous pool.

Administrative and general expenses for the 1988 - 89 crop year from August 1, 1988, to July 31, 1989, totaled $28,483,006 compared to $28,213,583 for the 1987 - 88 crop year; an increase of $269,423 or .96 per cent.

POOL ACCOUNT – AMBER DURUM WHEAT

Initial Payments

At the beginning of the crop year the Board was authorized to purchase amber durum wheat from producers at a fixed initial price of $175.00 per tonne for No. 1 Canada Western Amber Durum Wheat. Effective March 13, 1989, the initial price for No. 1 Canada Western Amber Durum was increased to $190.00 per tonne.

Supplies of Amber Durum Wheat

Supplies of amber durum wheat in the 1988-89 Pool were 2 472 519 tonnes, comprised of 2 254 359 tonnes delivered by producers, 17 902 tonnes acquired from other than producers and 200 258 tonnes purchased from the previous pool.

Grade Pattern

Receipts of Nos. 1, 2 and 3 Canada Western Amber Durum totaled 2.184 million tonnes or 96.87 per cent of total producer deliveries. Approximately .25 per cent of producer deliveries graded tough while .03 per cent graded damp.

Final Statement of Operations and Surplus for Distribution to Producers – Amber Durum Wheat – Table C

Table C shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of

TABLE D

PAYMENTS RECEIVED BY PRODUCERS FOR PRINCIPAL GRADES OF AMBER DURUM WHEAT BASIS IN STORE THUNDER BAY OR VANCOUVER

Grade	Initial Payments	Final Payments	Total
		(Dollars per Tonne)	
Amber Durum Wheat Grades			
No. 1 Canada Western Amber Durum	$190.00	$14.482	$204.482
No. 2 Canada Western Amber Durum	187.00	12.061	199.061
No. 3 Canada Western Amber Durum	185.00	7.529	192.529
No. 4 Canada Western Amber Durum	160.00	15.393	175.393
No. 5 Canada Western Amber Durum	125.00	27.139	152.139

$26,417,209. Operating expenses totaled $21,072,381 for the year or $9.348 per tonne. The principal cost was carrying charges amounting to $15,637,688 or $6.937 per tonne. After allowing for producer car rebates, the cost of issuing the final payment and estimated interest earnings subsequent to September 30, 1989, the net surplus for distribution to producers was $27,214,042. This amount represents an overall average of $12.072 per tonne on producer deliveries of 2 254 359 tonnes. Table D shows the total payments received by producers for the principal grades of amber durum wheat delivered during the crop year. This table shows the total price realized by producers for No. 1 Canada Western Amber Durum Wheat of $204.482 per tonne, compared to $169.359 per tonne for the previous pool.

POOL ACCOUNT – OATS

Commencing August 1, 1981, as authorized by Order-in-Council, oats selected and accepted from producers for use in processing and milling for human consumption, has been set up in a separate pool under the caption "Designated Oats". As a result, the transactions described here consist mainly of marketing results related to Nos. 3 and 4 Canada Western Oats.

Initial Payments

At the beginning of the crop year the Board was authorized to purchase oats from producers at fixed initial prices of $160.00 and $154.00 per tonne for Nos. 3 and 4 Canada Western Oats respectively.

Supplies and Grade Pattern

Supplies in the regular Feed Oats Pool were 811 686 tonnes, comprised of 777 978 tonnes delivered by producers, 1 133 tonnes acquired from other than producers and 32 575 tonnes purchased from the previous pool. Deliveries of Nos. 1 and 2 Canada Western Oats comprised 4.00 per cent of producer deliveries, while Nos. 3 and 4 Canada Western Oats constituted 95.09 per cent of producer deliveries. Other Grades contributed .91 per cent of producer deliveries. Board receipts of tough and damp oats made up .45 per cent of deliveries.

Final Statement of Operations – Oats

The Pool Account for oats had not closed at the time that this report went to print. Therefore, the operating results are not available for inclusion in this report.

POOL ACCOUNT – DESIGNATED OATS

Commencing August 1, 1981, as authorized by Order-in-Council, oats selected and accepted from producers for use in processing and milling for human consumption, has been set up in a separate account. This account has been labeled "Designated Oats" and the results of operations on this account with comment thereon are contained in this section of the report.

Initial Payments

At the beginning of the crop year the Board was authorized to purchase designated oats from producers at fixed initial prices of

TABLE E

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION
TO PRODUCERS ON THE 1988-89 POOL ACCOUNT – DESIGNATED OATS
For the period August 1, 1988, to December 31, 1989
with prior year figures for the 1987-88 Pool Account for comparison

	1988-89 Pool Account		1987-88 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	222 987 tonnes		76 321 tonnes	
Sales Value	$45,694,544	$204.920	$10,464,244	$137.108
Initial Payments to Producers	42,337,292	189.864	9,261,146	121.344
Gross Surplus	3,357,252	15.056	1,203,098	15.764
Deduct Operating Costs:				
Interest and Bank Charges	(389,010)	(1.744)	(86,990)	(1.140)
Interest and Depreciation on Wheat Board Hopper Cars	119,625	.536	25,450	.334
Wheat Board Administrative Expenses	298,993	1.341	98,670	1.293
Total Operating Costs	29,608	.133	37,130	.487
Surplus on Operations	3,327,644	14.923	1,165,968	15.277
Add: Interest earned after December 31 (1987-88 September 30)	54,602	.245	32,431	.425
Deduct: Cost of issuing Final Payment	6,489	.029	1,135	.015
Balance for Distribution to Producers	$ 3,375,757	$ 15.139	$ 1,197,264	$ 15.687

$195.00, $191.00 and $189.00 per tonne for Nos. 1, 2 and 3 Canada Western Oats respectively.

Supplies and Grade Pattern

Supplies of oats in the Designated Pool were 222 987 tonnes representing deliveries to the Board by producers during the crop year of oats which were selected and accepted by purchasers for use in processing and milling for human consumption. Receipts of Nos. 1, 2 and 3 Canada Western Oats totaled 22 288, 31 303 and 169 032 tonnes or 10.00 per cent, 14.04 per cent and 75.80 per cent respectively of total deliveries. The remaining 364 tonnes were No. 4 Canada Western Oats.

Final Statement of Operations and Surplus for Distribution to Producers – Designated Oats – Table E

Table E shows the operating results of this Pool Account for the crop year. Marketing operations resulted in a surplus of $3,327,644. As to operating costs, it should be noted that the Designated Oats Pool, by its very nature does not incur the handling expenses normally related to feeding grades of oats. It is not stored by the Board, being selected by the purchaser and shipped at his request from farm to processing plant via the country elevator. As a result, the only expenses attributable to such oats were costs related to hopper cars owned by the Wheat Board and administrative charges totaling $418,618 or $1.877 per tonne. These expenses were reduced by interest earnings of $389,010 or $1.744 per tonne on the accumulating surplus in the pool. After providing for the cost of issuing the final payment and adding estimated interest earnings subsequent to December 31, 1989, the net surplus for distribution to producers was $3,375,757 or $15.139 per tonne on producer deliveries of 222 987 tonnes. Table F shows the total payments received by producers for the principal grades of designated oats delivered during the crop year.

TABLE F

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF DESIGNATED OATS
BASIS IN STORE THUNDER BAY OR VANCOUVER

Grade	Initial Payments	Final Payments	Total
		(Dollars per Tonne)	
Oats Grades			
No. 1 Canada Western	$195.00	$18.900	$213.900
No. 2 Canada Western	191.00	16.400	207.400
No. 3 Canada Western	189.00	14.400	203.400

POOL ACCOUNT – BARLEY

Since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling, has been set up in a separate pool under the caption "Designated Barley". As a result, the transactions remaining in the Barley Pool Account described here consist mainly of marketing results related to feeding grades of barley.

Initial Payments

At the beginning of the crop year the Board was authorized to purchase barley from producers at fixed initial prices of $120.00 and $117.00 per tonne for Nos. 1 and 2 Canada Western Barley respectively.

TABLE G

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION
TO PRODUCERS ON THE 1988-89 POOL ACCOUNT – BARLEY
For the period August 1, 1988, to September 30, 1989
with prior year figures for the 1987-88 Pool Account for comparison

	1988-89 Pool Account		1987-88 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	4 035 425 tonnes		2 224 961 tonnes	
Sales Value	$524,616,931	$130.003	$169,959,254	$76.388
Initial Payments to Producers	483,922,812	119.919	144,395,122	64.898
Gross Surplus	40,694,119	10.084	25,564,132	11.490
Deduct Operating Costs:				
Carrying Charges:				
Country Elevators	10,930,743	2.709	639,467	.288
Terminal Storage	2,425,508	.601	1,279,713	.575
Total Carrying Charges	13,356,251	3.310	1,919,180	.863
Interest	288,533	.072	(2,940,186)	(1.322)
Demurrage/Despatch	(334,009)	(.083)	2,678,089	1.204
Additional Freight - to terminals	1,755,367	.435	864,102	.388
- freight rate change	1,581,659	.392	(359,295)	(.161)
Handling and Stop-off	–	–	7,554	.003
Drying	402	–	31,258	.014
Interest and Depreciation on Wheat Board Hopper Cars	2,164,871	.536	681,168	.306
Wheat Board Administrative Expenses	5,092,615	1.262	2,876,485	1.293
Total Operating Costs	23,905,689	5.924	5,758,355	2.588
Surplus on Operations	16,788,430	4.160	19,805,777	8.902
Add: Interest earned after September 30	535,769	.133	550,897	.248
Deduct: Cost of Issuing Final Payment	62,033	.015	38,838	.018
Deduct: Rebate on Producer Cars	55,037	.014	–	–
Balance for Distribution to Producers	$ 17,207,129	$ 4.264	$ 20,317,836	$ 9.132

Supplies and Grade Pattern

Supplies in the regular Feed Barley Pool were 4 104 490 tonnes comprised of 4 035 425 tonnes delivered by producers and 69 065 tonnes acquired from other than producers. Deliveries of Nos. 1 and 2 Canada Western Barley comprised 99.88 per cent of the producer deliveries in the pool. Board receipts of tough and damp barley made up .56 per cent of deliveries.

Final Statement of Operations and Surplus for Distribution to Producers – Barley – Table G

Table G shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of $16,788,430. Operating expenses totaled $23,905,689 for the year or $5.924 per tonne. The principal cost was carrying charges amounting to $13,356,251 or $3.310 per tonne. After allowing for the cost of issuing the final payment and estimated interest earnings subsequent to September 30, 1989, the net surplus for distribution to producers was $17,207,129. This amount represents an overall average of $4.264 per tonne on producer deliveries of 4 035 425 tonnes. Table H shows the total payments received by producers for the principal grades of barley delivered during the crop year.

TABLE H

PAYMENTS RECEIVED BY PRODUCERS FOR PRINCIPAL GRADES OF BARLEY
BASIS IN STORE THUNDER BAY OR VANCOUVER

Grade	Initial Payments	Final Payments	Total
		(Dollars per Tonne)	
Barley Grades			
No. 1 Canada Western	$120.00	$4.225	$124.225
No. 2 Canada Western	117.00	6.535	123.535
Mixed Grain Canada Western Barley	107.45	4.225	111.675

POOL ACCOUNT – DESIGNATED BARLEY

As stated previously, since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling, has been set up in a separate pool account. This account has been labeled "Designated Barley" and the results of operations on this account with comment thereon are contained in this section of the report.

Initial Payments

At the beginning of the crop year the Board was authorized to purchase designated barley from producers at a fixed initial price of $180.00 per tonne for Special Select Canada Western Six-Row and $190.00 per tonne for Special Select Canada Western Two-Row.

Supplies and Grade Pattern

Supplies of barley in the Designated Pool were 1 074 488 tonnes representing deliveries to the Board by producers during the crop year of barley which has been selected and accepted by purchasers for the use in malting, pot or pearling. Of these receipts 260 427 tonnes or 24.24 per cent were Special Select grades and 744 774 tonnes or 69.31 per cent were Select grades. Receipts of tough and damp grades totaled 6 698 tonnes or .62 per cent of total.

TABLE I

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION
TO PRODUCERS ON THE 1988-89 POOL ACCOUNT – DESIGNATED BARLEY
For the period August 1, 1988, to September 30, 1989
with prior year figures for the 1987-88 Pool Account for comparison

	1988-89 Pool Account		1987-88 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	1 074 488 tonnes		1 022 885 tonnes	
Sales Value	$231,435,674	$215.391	$149,710,238	$146.361
Initial Payments to Producers	195,921,451	182.339	130,135,153	127.224
Gross Surplus	35,514,223	33.052	19,575,085	19.137
Deduct Operating Costs:				
Interest	(3,266,267)	(3.040)	(2,004,837)	(1.960)
Demurrage/Despatch	(48,094)	(.045)	(128,420)	(.126)
Interest and Depreciation on Wheat Board Hopper Cars	576,427	.537	341,086	.334
Wheat Board Administrative Expenses	1,355,979	1.262	1,322,411	1.293
Total Operating Costs	(1,381,955)	(1.286)	(469,760)	(.459)
Surplus on Operations	36,896,178	34.338	20,044,845	19.596
Deduct: Interim Payment	16,117,320	15.000	–	–
	20,778,858	19.338	20,044,845	19.596
Add: Interest earned after September 30	935,670	.871	557,547	.545
Deduct: Cost of issuing Interim and Final Payments	29,077	.027	10,448	.010
Balance for Distribution to Producers	$ 21,685,451	$ 20.182	$ 20,591,944	$ 20.131

Final Statement of Operations and Surplus for Distribution to Producers – Designated Barley – Table I

Table I shows the operating results of this Pool Account for the crop year. Marketing operations resulted in a surplus of $36,896,178. As to operating costs, it should be noted that the Designated Barley Pool by its very nature does not incur the handling expenses normally related to feeding grades of barley or other grains. It is not stored by the Board, being selected by the processor (buyer) from a producer's sample and is shipped on buyer's call directly from farm to processing plant via the country elevator. As a result the only expenses attributable to such barley were costs related to hopper cars owned by the Wheat Board, and administrative charges totaling $1,932,406 or $1.799 per tonne. These expenses were reduced by interest earnings and demurrage adjustments of $3,314,361 or $3.085 per tonne. After deducting the interim payment of $16,117,320 made to producers in November, 1989, providing for the cost of issuing the interim and the final payments and adding estimated interest earnings subsequent to September 30, 1989, the net surplus for distribution to producers was $21,685,451 or $20.182 per tonne on producer deliveries of 1 074 488 tonnes. Table J shows the total payments received by producers for the principal grades of designated barley delivered during the crop year.

TABLE J

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF DESIGNATED BARLEY
BASIS IN STORE THUNDER BAY OR VANCOUVER

Grade	Initial Payments	Interim Payment	Final Payments	Total
	(Dollars per Tonne)			
Designated Barley Grades				
Special Select Canada Western Two-Row	$190.00	$15.00	$17.750	$222.75
Special Select Canada Western Six-Row	180.00	15.00	19.100	214.10
Select Canada Western Two-Row	185.00	15.00	20.250	220.25
Select Canada Western Six-Row	175.00	15.00	21.600	211.60